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# Industrial Development Board

Eleventh session

SUMMARY RECORD OF THE 1st MEETING

Held at the Vienna International Centre, Vienna,
on Monday, 28 June 1993, at 10 a.m.

Temporary President: Mr. BALAZS (Hungary)
President: Mrs. MACHADO QUINTELLA (Brazil)

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The meeting was called to order at 10.20 a.m.

OPENING OF THE ELEVENTH SESSION

1. The TEMPORARY PRESIDENT declared open the eleventh session of the Industrial Development Board.

2. His presidency had been marked by the unusual situation created by the resignation of the previous Director-General, which had precipitated a selection process leading to the election of Mr. de Maria y Campos, whom he congratulated. He felt sure that the new incumbent would be instrumental in starting a fresh dialogue between Member States and the Secretariat. He himself had been encouraged by the cooperative spirit that had presided over the informal consultations recently held to select relative priorities within the existing medium-term plan. The present session of the Board could renew that spirit by taking the decisions needed for further constructive dialogue between Member States and UNIDO and for establishing a framework within which the Director-General could present his own views on future priorities, structures and financial resources. As always, success in decision-making would depend on the Board's willingness to face the Organization's present weaknesses, which was no easy task, but the final evaluation of UNIDO's successes and failures would lie with those who offered and benefited from its services. His impression as outgoing President of the Board was that its members were ready to reform the Organization so that it could contribute more effectively to the prosperity of the developing countries.

ELECTION OF OFFICERS

3. The TEMPORARY PRESIDENT said that he had received the following nominations: Mrs. Machado Quintella (Brazil) for the post of President; Mr. Yimer (Ethiopia), Viscount G. Vilain XIIII (Belgium) and Mr. Bakshi (India) for the posts of Vice-President; and Mr. Tchoulkov (Russian Federation) for the post of Rapporteur.

4. The candidates were elected by acclamation.

5. The TEMPORARY PRESIDENT congratulated the new President and other members of the Bureau and wished them every success in their work.

6. Mr. GUTIERREZ (Chile), speaking on behalf of the Latin American and Caribbean countries, thanked the outgoing President and Bureau for their achievements during a difficult period and congratulated the new President on her election. It was particularly gratifying to note that the new Director-General also came from a country in the Latin American and Caribbean Group. Under such auspicious circumstances he felt sure that UNIDO could face the future with confidence.

7. The President took the Chair.

8. The PRESIDENT thanked the Board for electing her and in particular the Latin American and Caribbean countries for nominating her as their candidate for the presidency. The new Director-General, also from Latin America, had already begun to take steps to revitalize UNIDO. She praised the outgoing President and Bureau for their work in an eventful period.

9. At a time of radical political and economic change, the whole United Nations system needed to be restructured, but for the Organization that should not mean a departure from its original purpose, which was more valid than ever. The Lima Declaration and Plan of Action had provided that by the year 2000 25 per cent of world industrial output should be generated in the developing countries; at present they accounted for no more than 15 per cent. Although several reasons could be adduced for the target being so far off, the important consideration was to work still harder to promote industrialization in the developing world and to focus attention on the least developed countries. UNIDO's activities should concentrate on technical cooperation in industry and the provision of industrial policy advice, primarily in collaboration with governments and institutions in order to achieve a multiplier and catalytic effect.

10. The Organization's role was not to compete with private business in world markets but to suggest to interested governments, institutions and enterprises the technology and equipment which offered the most favourable cost/benefit ratio. To that end it must constantly improve its expertise in industrial sectors, regions and countries. It should work in close coordination with other international institutions, taking care to avoid duplication and to preserve its raison d'être. Its action must at all times be transparent, which implied the need for improvement in its evaluation procedures. To help the developing countries enhance their industrial competitiveness, UNIDO should play an important part in developing managerial skills and training human resources. Small and medium-sized industries should be a priority client in that process. In essence, efficiency was the rational application of scarce resources in order to obtain the best possible results. UNIDO should therefore seek ways of improving the qualifications of its staff and finding the best possible candidates for posts in the field and at Headquarters. Priority should also be given to economic and technical cooperation among the developing countries, since it helped to promote the technological capacity of the supplier while at the same time improving industry in the recipient country at relatively low cost.

11. Those were the areas of activity on which she believed the Organization should concentrate. It had to become a modern and efficient institution, flexible enough to adapt itself to changing circumstances and an increased demand for its services and yet continuing to fulfil its fundamental mandate.

ADOPTION OF THE AGENDA FOR THE ELEVENTH SESSION (IDB.11/1)

12. The PRESIDENT drew the Board's attention to the provisional agenda (IDB.11/1). It contained the items approved at the tenth session and also three supplementary items, namely items 10, 13 and 17. She understood there was general agreement that they should be included.

13. The provisional agenda in document IDB.11/1 was adopted.

STATEMENT BY THE DIRECTOR-GENERAL

14. Mr. DE MARIA Y CAMPOS (Director-General) welcomed representatives to the eleventh session of the Board and to the resumed ninth session of the Programme and Budget Committee. He congratulated the President on her election and thanked the outgoing President for his stewardship, and in particular his management of the informal consultations which had preceded the present session. His statement would focus on the Organization's current and prospective financial situation and on the Secretariat's initial efforts to respond to Member States' desire for major changes in UNIDO's priorities and structure.

15. The broad economic context for the Organization's work in 1992 was outlined in the opening chapter of the Annual Report of UNIDO, 1992, which showed that the developing countries, apart from those in the Africa region, had recorded modest to good industrial growth rates. Nevertheless, efforts to secure the benefits of economic reform and structural adjustment had been frustrated and world manufacturing in 1992 as a whole had registered negative growth, a situation which looked like being repeated in 1993. The recession in the developed countries, together with the calls made on them for funds for greatly increased United Nations peace-keeping work, had resulted in reductions in their contributions to UNDP and other voluntary funds. He reiterated his conviction that, while peace-keeping operations were often a necessary condition for economic recovery, much of the social conflict and political instability which prompted emergency relief and peace-keeping interventions stemmed from the absence of economic and social development.

16. In 1992, the first transitional year for the UNDP successor arrangements, the emphasis on national execution, as well as underperformance in operations using the new mechanism, had resulted in a considerable reduction in UNDP-funded projects for all agencies. UNIDO, with its greater dependence on UNDP as a source of funding, had been hit relatively hard. Implementation of UNDP projects had dropped from $76 million in 1991 to $57 million in 1992 and overall delivery of technical assistance by 8 per cent over the same period. In conjunction with previous overestimates of operational budget income, support cost earnings had fallen below actual expenditures.

17. Building on its experience with the World Bank, where projects were being undertaken with the aid of otherwise dormant credit lines, UNIDO was exploring similar mechanisms with other development banks. In addition to traditional donors and their official aid departments, the Organization was beginning to use sources of funding and lines of credit which were available for special purposes, such as environmental protection, women in industry and the industrial recovery of Eastern Europe and the countries of the Commonwealth of Independent States. The $500,000 received in the current year under the Montreal Protocol on Substances that Deplete the Ozone Layer would, it was hoped, be a precursor to accessing funds amounting to as much as $70 million between 1994 and 1996. Primary approval had been received for a $6 million project from the Global Environment Facility and plans for collaboration with the United Nations International Drug Control Programme were being finalized.

18. Another cause for optimism was the continued rise in the number and value of investment projects successfully promoted by UNIDO - nearly 200 in 1992. Those projects, if implemented, could provide nearly $1.5 billion of new investment for the countries involved. UNIDO's Investment Promotion Offices, a further eight of which were under active negotiation, played a major role in that process. It was encouraging too that the rate of collection of assessed contributions under the regular budget was the best since UNIDO had become a specialized agency. He particularly welcomed the recent receipt of partial payments from the Russian Federation and Ukraine. He also warmly welcomed to membership four new States - Tajikistan, Kyrgyzstan, the Republic of Moldova and the Former Yugoslav Republic of Macedonia. Delays in receipt of payments from Member States nevertheless continued to complicate UNIDO's cash flow and project management and he appealed urgently to the States concerned to pay their assessed contributions on time and in full.

19. The developments in the regular budget had permitted the partial release of the 15 per cent appropriation reserve withheld in accordance with General Conference resolution GC.4/Res.27, but measures to control administrative and general operating costs and expenditure on travel and consultants would be maintained in order to achieve the objective of stabilizing the financial situation of UNIDO. The operational budget deficit, on the other hand, continued to grow. Technical cooperation activities, and the support cost income derived from them, had declined further, so that despite inordinately high post vacancy factors the Organization's reserves were being severely depleted. The estimated balance of those reserves at the end of the current year was such that the deficit could not be supported into 1994. The need to restore reserves and make provision for exchange rate fluctuations was reflected in the significantly lower level of expenditures under the operational budget proposed in the latest programme and budgets for the following biennium and the recently announced policy for reassignments, abolition of posts and staff reductions.

20. It was the need for financial stability which had led the Programme and Budget Committee, at its ninth session, to request further changes in the programme and budgets for 1994-1995. The revised resource requirements were just under $197 million for the regular budget and just over $35 million for the operational budget. Those figures reflected the Committee's three specific requests: a revaluation of the 1992-1993 budget, at 1993 rates, in the amount of at least $1.5 million; budget resource reductions of $3 million; and a downward adjustment of the inflation adjustment for 1994-1995 by an amount of over $4.7 million. The total downward adjustment of over $9 million represented a real decrease of almost $3 million in the core funding on which UNIDO depended for delivering services and technical assistance.

21. The operational budget was now estimated at just over $35 million - a 30 per cent reduction in purchasing power compared with the current biennium - in order to reflect the delay in establishing successor arrangements for agency support costs. The estimates were prudent and realistic. The Industrial Development Fund was expected to show steady growth, while trust funds

and other activities should increase through identification of new donors and adoption of innovative approaches. Estimated income of some $40 million for the operational budget would leave a $5 million margin over expenditure from which to restore reserves and accommodate exchange rate fluctuations. In proposing the adjustments he had mentioned, the overriding principle had been to effect savings without jeopardizing the Organization's technical capacity, in other words by minimizing administrative and support expenses and coordinating activities. Management norms had been introduced so as to permit the redeployment and reduction of General Service staff. Greater collaboration between divisions and departments, for example through the use for limited periods of staff experts instead of consultants, should achieve savings as well.

22. Resources had been reallocated in both the regular and the operational budgets. Some regular budget resources had been transferred from administrative support to substantive activities. Certain activities financed from the regular budget had been reduced, releasing resources for other areas of substantive activity. The reduction in operational budget resources mainly affected administrative support. The revised requirements were within the recommended ceiling and expected income for the biennium 1994-1995. He hoped they would be approved by both the Committee and the Board as a framework for short-term financial flexibility and a medium-term financial foundation for the restructuring of the Organization.

23. The modernization, organizational restructuring and staffing of UNIDO were intended to restore the confidence of Member States in the Organization. Once it had adjusted to constraints on core funding it could function as a true centre of excellence for industrial development, attractive to donors and beneficiaries alike. The immediate task was adaptation to the realities of the reduced operational and regular budgets. In view of the continuing negative cash flow, early action was needed to lower personnel costs. The policy for reassignment of staff, abolition of posts and staff reductions was intended to achieve significant staff savings, through voluntary measures, restrictions on recruitment, natural attrition, expiration of fixed-term contracts and termination of contracts. Resources would be made available for training reassigned staff. He hoped that the process would not jeopardize the Organization's basic capacity to comply with its mandate.

24. A three-pronged strategy was being followed in order to effect the medium-term changes expected by Member States with regard to new priorities and organizational structures. Firstly, a task force, reflecting a balance of regional and departmental interests and benefiting from inputs from the staff through a Staff Council representative, had been established. It had assessed the emerging demand for UNIDO services, the priority themes of interest to industrial decision-makers and the areas of consequent comparative advantage for UNIDO over other agencies. It had also identified six broad objectives for future UNIDO services to developing countries in relation to the existing medium-term plan: promoting self-sustaining industrial growth through enhanced domestic capacities, with emphasis on the private sector; creating and strengthening industry-related employment, particularly through small- and medium-scale industry, as a means to equitable development; development of human resources for industry; promoting environmentally sustainable industrial development; strengthening international competitiveness; and fostering international industrial cooperation, particularly in investment and technology. Secondly, a more precise demand pattern for UNIDO services was being sought through regional and subregional discussions with Member States. The third and key element would be the guidance given to the Secretariat by Member States, during the current session of the Board, on agenda items 4, 7, 11 and 14. The Board's decisions on those items would shape the proposals for structural reform which he expected to have ready for consideration by the autumn.

25. Final approval of the medium-term changes in UNIDO's priorities, structure and procedures would be one of the main items on the agenda of the fifth session of the General Conference. The Conference would take place at Yaoundé on 6-10 December 1993 and Cameroon's capacity to support it had been confirmed. One million pounds had been received for the Conference from the Government of Cameroon in accordance with its contract with UNIDO. He invited Member States to formulate a Yaoundé Declaration to serve as a platform for future actions, and particularly for the mobilization of ideas and resources for industrialization in developing countries. The world and the tasks of development were very different in the 1990s from what they had been in the 1960s and 1970s, when UNIDO had been conceived and developed. It was not yet fully understood what kind of organization UNIDO should be in order to meet that situation. The Secretariat sought the active help of Member States in answering the question. Yaoundé would be the start of a new UNIDO as an effective organization at the service of developing countries and a centre of excellence for industrial development for the world as a whole.

ORGANIZATION OF WORK

26. The PRESIDENT suggested that, in order to achieve economies and ensure the effective utilization of conference-servicing resources, the Board might wish to suspend the quorum requirement laid down in rule 32 of the rules of procedure, as it had done at previous sessions. Under rule 80 of the rules of procedure, that decision could take effect immediately, without the prescribed 24 hours' notice, if no member objected. If she heard no objection, she would take it that the Board wished to suspend, for its eleventh session only, and with immediate effect, rule 32 of the rules of procedure on the understanding that the measure would apply only to meetings at which no substantive decision was to be taken.

27. It was so decided.

28. The PRESIDENT reminded the Board of the recommendations for the conduct of business and rationalization of proceedings made by the Board at its fifth session in decision IDB.5/Dec.46.

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1992 ON THE ACTIVITIES OF THE ORGANIZATION:

(a) UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1992 (IDB.11/10, chaps. III and V; IDB.11/11, chap. II; IDB.11/CRP.2);

(b) SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA (IDB.11/10, chap. III.B, paras. 47-55; IDB.11/11, chap. III);

(c) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC (IDB.11/10, chap. III, paras. 88-92; IDB.11/11, chap. IV);

(d) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN (IDB.10/18, chap. I; IDB.11/11, chap. V; IDB.11/10, chap. III, para. 109);

(e) SPECIAL PROGRAMME FOR INDUSTRIAL DEVELOPMENT IN THE ARAB COUNTRIES (IDB.11/10, chap. III, para. 84; IDB.11/11, chap. VI);

(f) INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES (IDB.11/10, chap. III, paras. 56-62; IBD.11/11, chap. VII);

(g) TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE (IDB.11/10, chap. III, para. 86; IDB.11/11, chap. VIII);

(h) TECHNICAL ASSISTANCE TO THE SOUTH AFRICAN NATIONAL LIBERATION MOVEMENTS RECOGNIZED BY THE ORGANIZATION OF AFRICAN UNITY (IDB.11/11, chap. IX);

(i) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (IDB/11/10, chap. III, paras. 22-29; IDB.11/11, chap. X);

(j) INTEGRATION OF WOMEN IN INDUSTRIAL DEVELOPMENT (IDB.11/10, chap. III, paras. 30-37; IDB.11/11, chap. XI);

(k) UNIDO ENVIRONMENT PROGRAMME, INCLUDING FOLLOW-UP TO THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT (IDB.11/11, chap. XII);

(l) SYSTEM OF CONSULTATIONS (IDB.11/10, chap. IV.B; IDB.11/11, chap. XIII; ID/380, ID/385; IDB.11/17);

(m) DEVELOPMENT AND TRANSFER OF TECHNOLOGY (IDB.11/10, chap. IV.C; IDB.11/11, chap. XIV);

(n) INDUSTRIAL INVESTMENT PROMOTION (IDB.11/10, chap. IV.A; IDB.11/11, chap. XV);

(o) EVALUATION OF UNIDO PROGRAMMES AND ACTIVITIES (IDB.11/10, chap. II, paras. 25-42; IDB.11/11, chap. XVI)

29. The PRESIDENT reminded the Board that the debate was expected to cover all of sub-items (a) to (o).

30. Mr. DE MARIA Y CAMPOS (Director-General) drew attention to the progress report in document IDB.11/11, which constituted an update to the annual report itself (IDB.11/10). The environment programme had been revised to take account of the recommendations and guidelines of the United Nations Conference on Environment and Development and of the UNIDO 1991 Conference on Ecologically Sustainable Industrial Development. UNIDO was an active partner in shaping the UNDP Capacity 21 programme and had secured its status as the fourth executing agency for the Multilateral Fund for Implementation of the Montreal Protocol. During the previous year the Protocol had provided $500,000 for pre-investment studies in Brazil, China, Egypt, the Islamic Republic of Iran and the Syrian Arab Republic.

31. The System of Consultations had shortened the duration of its meetings and had adopted other measures to attract greater participation by industry. The results of those steps, introduced at two Consultations the previous year, were being evaluated and further refinements were under consideration. With the aim of helping to develop technological competence in developing countries, UNIDO continued to promote the International Centre for Genetic Engineering and Biotechnology (ICGEB). Already the purveyor of its own technology to developing-country manufacturers, ICGEB was expected to be a fully autonomous international organization by the end of 1993. Both developed and developing countries showed interest in similar centres in fields such as new and renewable energy resources, new materials, and advances in manufacturing. An electronic network was being established to improve coordination of investment promotion activities between UNIDO's Investment Promotion Service offices, focal points in developing countries and Headquarters.

32. The annual report (IDB.11/10) was both a reference document and a performance report, summarizing outputs and achievements in tabular form in its appendices and presenting significant performance indicators that compared the year's achievement with the planned target for the biennium. As far as possible, descriptions of activities were cross-referenced with the appropriate major programmes and subprogrammes in the programme and budgets for the 1992-1993 biennium. Where achievement was lower than that planned for the year, explanations were provided. The progress report on specific activities (IDB.11/11) brought together for the first time all information on various agenda items which updated or supplemented what was provided in the Annual Report, thereby considerably reducing the number of documents to be distributed at the session.

33. Mr. KELLAND (Observer for Denmark), speaking on behalf of the European Community and its 12 member States, noted that the annual report (IDB.11/10) was significantly longer than the corresponding 1991 report. The superabundance of activities which it described showed clearly that UNIDO had no real priorities. Future annual reports should be shorter and more concise; as suggested on previous occasions, they should begin with a brief preface summarizing the past year's activities and outlining the specific aims and strategies for the forthcoming year.

34. Both the annual report and the progress report on specific activities (IDB.11/11) provided valuable information on the economic and political changes faced by UNIDO over the previous year and

on its attempts to adapt to them. He particularly noted its response to Agenda 21 and its efforts to secure extrabudgetary contributions for its environment programme. Cooperation with the World Bank should be pursued further. The European Community and its members appreciated UNIDO's increasing involvement with the development of the private sector.

35. It was gratifying that UNIDO was fully cognizant of the implications for the specialized agencies of the debate on institutional reform which was taking place within the United Nations system as a whole, and aware too of the need for improved economy and efficiency. He hoped that under its new leadership UNIDO would find the necessary responses to those developments and translate them into viable proposals for reforms. The Community fully supported UNIDO's action to enhance programme and project quality, through adoption of the logical framework approach and an objective-oriented planning method for project design, and to improve staff training. The Organization would obviously be able to do more if more resources were at its disposal, but the main task was to optimize the use of those which it actually had. The failure of so many Member States to meet their obligations in a timely fashion led inevitably to a real decline in UNIDO's delivery of projects and programmes in the field.

36. The members of the European Community noted with considerable concern that overall delivery and project approvals had once again decreased, a decline only marginally alleviated by an increase in investment-related activities. The Community hoped that downward trend would soon be reversed, following the adoption of a realistic programme and budget for the next biennium and the reforms undertaken by the new leadership. The members of the Community welcomed the increasing recognition by the Secretariat of the need for competent, efficient and speedy auditing, appraisal and evaluation. Those were areas which should suffer as little as possible from lack of staff and financial resources and in which sound legal advice was important.

37. The European Community urged the Organization to pursue its efforts to strengthen the energy capacity of developing countries, particularly through regional programmes. Given that less than 1 per cent of the world's overall funds for development cooperation was channelled through UNIDO, too much must not be demanded of it. All the same, in the long run a reformed and revitalized UNIDO should be able to attract more of those funds for its operations, especially in the least developed countries.

38. It was encouraging that the Organization, in close cooperation with the United Nations International Drug Control Programme, had already moved towards implementing the system-wide action plan and establishing agency-specific plans for drug abuse control activities. In view of General Assembly resolution 47/100, those concerns must be reflected in the work of UNIDO's governing bodies.

39. The members of the Community regretted that the potential of economic and technical cooperation among developing countries was only partially recognized and exploited by UNIDO. Its effectiveness depended, of course, on the support of governmental authorities in those countries.

40. The Organization must continue to enhance the efficiency and impact of the System of Consultations in order to make it a worthwhile contributor to the industrialization of developing countries. The recommendations of the relevant in-depth evaluation should be implemented. The reduction in the duration of meetings, efforts to ensure the active participation of industrial partners, and close cooperation with operative units in the Secretariat concerned with investment promotion and environmental coordination were steps in the right direction. The enhanced cooperation with other organizations in the United Nations system was also welcome. The efficiency of Consultations would be greatly improved if they were held in the regions concerned. The European Community urged the Director-General, in pursuing the reform process, to re-examine the System of Consultations in order to ensure that it met present-day development needs and was cost-effective.

41. The members of the Community appreciated the growing role assumed by technology transfer in many of UNIDO's technical cooperation projects and eagerly awaited the evolution of the new concept of appropriate technology for sustainable development. In view of the breadth of the issues associated with technology transfer, it was imperative that the Organization should approach the matter selectively.

42. Last but not least, the European Community appreciated the progress made by UNIDO in involving women in any industrial development project as a matter of course. Their participation was an essential factor for achieving sustainable development and was crucial for the implementation of Agenda 21. He welcomed the information in document IDB.11/11 on progress in increasing women's representation in the Secretariat and hoped that Member States would react positively to its appeal to Governments to propose additional and well-qualified women candidates, particularly for senior posts.

43. Mr. HELLER (Mexico) welcomed the trend towards greater clarity in the description of UNIDO's activities that was reflected in the Director-General's report (IDB.11/10). The annual report should include an evaluation of the impact of technical cooperation projects on recipient countries, not only in quantitative terms but also from the qualitative aspect of their contribution to industrialization.

44. His delegation noted with satisfaction the 17.3 per cent increase in technical cooperation activities for Latin America and the Caribbean, despite the disturbing reduction in the resources available for technical cooperation as a whole. His Government shared the view that the importance, cost-efficiency and sustainability of technical cooperation projects would benefit from the development of programme frameworks based on the priorities of the medium-term plan, on the formulation of national strategies in cooperation with recipient countries and on the establishment of a management system for the programme and project cycle that would clearly define responsibilities, including the functions of field representatives.

45. UNIDO should intensify its efforts in the field of energy in order to comply with Board decision IDB.10/Dec.2, particularly with regard to

appropriate access by developing countries to new and non-polluting energy technologies.

46. With regard to the Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean, his delegation noted with concern that only two of the five projects identified by the General Conference in 1989 were fully operational; two more were being reformulated and the financing of the fifth was being negotiated, while Central America and the Caribbean had received no major benefits. He hoped that the project cycle would be completed and that the programmes on new materials and training and on small and medium-sized industries would soon commence.

47. His delegation believed that UNIDO's area of competence and priorities with regard to environmental matters should be defined clearly, regard being had to its role as coordinator for the industrial development activities of the United Nations system and the need to avoid duplication and waste of resources. According to Agenda 21, UNIDO's environmental activities should include cooperation and technical assistance in technology transfer and the promotion of favourable trade relations, in cooperation with other international organizations, and the strengthening of the Organization's capacity for disseminating information on clean technologies through the expansion of existing databases.

48. In matters of development and technology transfer it was essential to take into account the scientific and technological progress achieved in developing countries. UNIDO should therefore consider the following possibilities: increasing the flow of technology to developing countries on preferential terms and without conditions; development and utilization of the scientific and technical capacity of developing countries by training scientists and engineers and upgrading national institutions; and the establishment of efficient technical management in research institutes, universities and production enterprises in order to enhance competitiveness.

49. He was gratified at UNIDO's efforts to promote a portfolio of investment projects in Mexico, among other things through action by the Investment Promotion Services, and at the formulation of an investment programme at national level that was intended to consolidate technical cooperation for the installation of IMPRIS projects and training related to the PROPSPIN information system.

50. Mr. BAKSHI (India) generally endorsed the approach to UNIDO's energy activities outlined in paragraph 3 of the progress report (IDB.11/11). India had opened up the power generation sector to private investors and looked forward to increased cooperation with UNIDO in that field. The Organization must strengthen its cooperation with national and international institutions and devote attention to energy conservation and audit and the exploitation of new and renewable sources of energy.

51. He welcomed UNIDO's efforts to improve the quality of its technical cooperation and looked forward to receiving a more detailed report on the subject. Weaknesses in evaluation could be dealt with by providing appropriate mechanisms and procedures at the project approval stage. He felt that, as a result of economic reforms carried out by many Asian and Pacific countries, good prospects existed in the region for strong growth in gross domestic product, industrial output, intraregional trade and foreign investment. His Government was strongly committed to exploiting the full potential of economic and technical cooperation between developing countries and had invited UNIDO to cooperate in a governmental programme for that purpose. India would be hosting a summit meeting of 15 developing countries for the implementation of South-South cooperation projects. UNIDO should follow the approach adopted by the Food and Agriculture Organization of the United Nations, with UNDP support, of collecting data on needs and capabilities in industry from developing countries in order to permit specific activities to be worked out.

52. He was disappointed to note the 40 per cent decrease in the share of contracts for goods and services from developing countries that had occurred over a single year and the fact that firms from developing countries represented only 13 per cent of total contracts. To remedy that situation, the roster of vendors should be revised and procurement notices for goods and services should be sent to Permanent Missions of developing countries at least eight weeks in advance of the bids in question.

53. He commended UNIDO's efforts to integrate women in industrial development. UNIDO should study the impact on women in the industrial sector of factors such as structural adjustment, external debt and trade barriers. He endorsed the findings of the report with regard to the beneficial effect which participation by women had on the quality of life; Indian experience had certainly borne out those findings. UNIDO should focus its attention on industries that had high potential for the employment of women, and in particular on the role of women's cooperatives in industry.

54. In the follow-up to the United Nations Conference on Environment and Development, UNIDO should provide assistance in pollution control and reduction, recycling of wastes, hazardous waste management and the phasing-out of CFCs. It should also participate fully in the activities of the Interagency Committee on Sustainable Development and the Commission on Sustainable Development and in work on chemical safety. In order to assist developing countries in acquiring technology on the best possible terms, full use should be made of the work of bodies such as the World Intellectual Property Organization and UNCTAD. UNIDO should study specific aspects of constraints in technology transfer and intellectual property rights that might hamper technology transfer to developing countries. He endorsed UNIDO's approach to assistance in technology adaptation and assimilation. In view of the success of TECHMART 92, his Government would stage TECHMART 93 in November 1993 and called for support for it from all quarters. The Organization should closely watch scientific developments that had opened up possibilities for the production and use of new materials.

55. He urged all Governments and donors to support fully the work of the International Centre for Genetic Engineering and Biotechnology in view of its impact in areas such as food, agriculture, health and energy in developing countries. His delegation supported UNIDO's efforts to strengthen the Industrial Investment Promotion network. His Government hoped soon to finalize arrangements for a major investment forum in India in early 1994.

The meeting rose at 12.10 p.m.